

SUBCOMMITTEE REPORT OF "THE OIL-FOR-FOOD PROGRAM: THE SYSTEMATIC FAILURE OF THE UNITED NATIONS"

MARKUP

BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND
INVESTIGATIONS
OF THE
COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED NINTH CONGRESS
FIRST SESSION

DECEMBER 7, 2005

Serial No. 109-98

Printed for the use of the Committee on International Relations



Available via the World Wide Web: http://www.house.gov/international_relations

U.S. GOVERNMENT PRINTING OFFICE

24-907PDF

WASHINGTON : 2006

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
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WEDNESDAY, DECEMBER 7, 2005

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 12:42 p.m. in room 2255, Rayburn House Office Building, Hon. Dana Rohrabacher (Chairman of the Subcommittee) presiding.

Mr. ROHRABACHER. I call this meeting of the Subcommittee on Oversight and Investigations to order. Pursuant to notice, I will call up the proposed Subcommittee report, “The Oil-for-Food Program: The Systematic Failure of the United Nations,” for purposes of markup and move it be adopted as the report of the Subcommittee. Pursuant to the Subcommittee rules, the report is considered as read.

[The report is not reprinted here but can be found online at: http://www.house.gov/international_relations/109/HIRC_OFFP.pdf]

Mr. ROHRABACHER. Hearing no objection, today, we are marking up and adopting the Subcommittee report on the United Nations Oil-for-Food Program. This report is the product of a number of hearings of this Subcommittee, as well as the Full Committee, as well as the interviews of nearly 200 people and several thousands of documents reviewed by the Subcommittee and the Full Committee.

What we have found in our investigation makes us question an unrealistic faith in the United Nations. In this case, the United Nations was entrusted with a program important for the United States national security and for the stability of the Middle East, and it was allowed to be corrupted by Saddam Hussein. Worse yet, that corruption reached into the highest levels of the United Nations.

The lessons of this experience should guide our decisions in the future in terms of how much we will be relying upon the United Nations and other international organizations in terms of accomplishing missions important to the United States’ and the world’s stability. I suggest that if this is a report card as well as a report, we give the United Nations a failing grade on integrity, oversight, and competence. While our work on this subject is not completely over, this report signifies our views on the issues and our rec-

ommendations on the performance of the United Nations in the Oil-for-Food Program, as well as our ideas for reform of the United Nations in general.

With that said, I would like to now recognize Mr. Delahunt for his opening statement.

[The prepared statement of Mr. Rohrabacher follows:]

PREPARED STATEMENT OF THE HONORABLE DANA ROHRBACHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, AND CHAIRMAN, SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

Today we are marking up and adopting the subcommittee report on the United Nations Oil-for-Food program. This report is the product of a number of hearings this Subcommittee as well as the Full Committee has held, as well as interviews with nearly two-hundred people and several hundred thousand documents reviewed by the Committee.

What we have found in our investigation makes us question unrealistic faith in the UN. In this case, the UN was entrusted with a program important for US national security and the stability of the Middle East and it was allowed to be corrupted by Saddam Hussein. Worse yet, that corruption reached the highest levels of the UN. The lessons learned from this experience should guide our decision-making in the future on the issues relating to the UN and other international organizations. If this is a report card, as well as a report, we give the UN a failing grade on integrity, oversight, and competency.

While our work on this subject is not completely over, this report signifies our views on the issues and our recommendations on the performance of the United Nations in the Oil-for-Food program and our ideas for reform of the United Nations in general.

Mr. DELAHUNT. Thank you, Mr. Chairman. Despite our disagreements, and it is clear that there are many, I want to commend you personally and all of my Republican colleagues for their collective efforts. I also want to commend the Subcommittee's Majority staff for their work. In particular, I want to recognize Gregg Rickman and Greg McCarthy. I know they worked hard in putting this report together, and I am also cognizant of the fact that that certainly was not an easy task. To all of you, you have earned our respect, and, obviously, you have our friendship.

I also want to make clear that I agree with the report's conclusion that there were serious problems with the Oil-for-Food Program, and there is undoubtedly a critical need to reform the UN so that it can best meet the challenges it faces. But I cannot support the report. That is because it has a fundamental flaw.

It does not accurately reflect how the United Nations functions. It does not emphasize the reality that it is the member states, not the Secretariat, that possess the real power and ultimate responsibility at the United Nations.

Mr. Chairman, with all due respect, this represents a missed opportunity for this Congress to do its job and to conduct oversight of the Executive Branch of our own Government. That is our constitutional prerogative and, I dare say, responsibility, and this Subcommittee is the panel with that oversight mandate. But the report neglects to fully address the role that the United States played in the Oil-for-Food Program.

As a permanent member of the Security Council, the United States has significant responsibility for the creation and oversight of the program, and the United States had important obligations regarding enforcement of the sanctions on Iraq. The United States was in a position to make sure that Iraq's contracts for the sale of

oil and the purchase of humanitarian goods were clean. It was clear at the time that there was pervasive corruption. So it is important to determine what fault, if any, the United States has for those failures.

This is not a partisan statement, I would point out. These failures occurred under both Republican and Democratic Administrations. As you know, I have repeatedly said that we should bring in all of the officials involved, regardless of their party affiliation, to answer our questions in a public venue. Let the chips fall where they may.

The report also fails to make the critical distinction between sanctions and the Oil-for-Food Program. For example, it blames the UN Oil-for-Food contractors for not enforcing the sanctions regime, but it was the member states of the United Nations that bore that responsibility, particularly the Security Council and Iraq's neighbors. The purpose of the Oil-for-Food Program was not to enforce the sanctions regime but to prevent a humanitarian catastrophe so that Saddam Hussein could not exploit the Iraqi people's suffering in his campaign to end and circumvent the sanctions. In that, it had considerable success, and we know that the sanctions worked in regards to the issue of weapons of mass destruction.

The report has other flaws. They are outlined in the additional and dissenting views that the Minority will submit.

I, and others on our side, have consistently raised the issue of the Security Council's 661 Committee. The United States was a member of that Committee, which was supposed to oversee both the Oil-for-Food Program and the sanctions regime. We need to determine how and why the United States made its decisions on that Committee. That would contribute to what we know about the failures of the program or violations of the sanctions regime, and it would provide us an opportunity to learn from our mistakes in case we need to craft any future sanctions regime. Unfortunately, we did no such oversight.

We also brought up the question of trade protocols. These were formal agreements between Iraq and the Governments of Jordan, Syria, Turkey, and Egypt to violate the sanctions regime. They earned Saddam Hussein billions more than he was ever able to skim off of the Oil-for-Food Program. But the United States looked the other way. We need an explanation as to why.

There are also questions about the possible role of the United States in the so-called "Khor al-Amaya Incident." Just before our invasion of Iraq, seven tankers smuggled oil out of Iraq under the nose of the United States-led fleet in the Persian Gulf that was supposed to stop exactly this kind of smuggling. There are serious allegations that the United States did not just look the other way but may have actually assisted the smugglers. If so, we need an explanation. The American people deserve it.

We have asked for an examination into how the United States administered Iraqi money from the Development Fund for Iraq, which the Coalition Provisional Authority used for running the government and for reconstruction after we assumed control. Our own Special Inspector General for Iraqi Reconstruction has found serious problems with how the United States managed billions of dollars of the Iraqi people's money. We should know whether the

United States was any better at managing Iraqi money than the United Nations.

But, unfortunately, none of these issues has been addressed by the Subcommittee, and they are not covered in the report. It is a disappointment, Mr. Chairman, because it is our job, our function, our responsibility, to oversee the activities of the Executive Branch. I think the Chairman of the Full Committee said it best several years ago, and I am quoting Mr. Hyde:

“The rules of the House of Representatives require us to perform ongoing oversight of the agencies under our jurisdiction. . . . A democracy thrives only if the people have confidence in the integrity of their public servants and institutions.”

I urge my colleagues to vote against this report, and I yield back, Mr. Chairman.

Mr. ROHRABACHER. Thank you very much, and I appreciate the Ranking Member's, as well as all of the Members of this Committee in both parties, for the level of cooperation that we have had, not only on this issue but generally how we run ourselves here, considering the fact that there are some philosophical differences between us; we recognize that and respect that.

I would note that this has been an investigation that was aimed at the United Nations Oil-for-Food Program. There are any number of tangential issues that would be of significance that would be interesting to look into and perhaps very enlightening to look into. However, we have had a large number of hearings on this issue and Syria, et cetera. We have just basically talked this issue to death for the last year, both at the Subcommittee level and the Full Committee level, although I will certainly agree with Mr. Delahunt that there are other areas that could have been covered.

With that said, we have come up with a final report that I think we can be proud of, and certainly those of us on our side of the aisle believe that we can be proud of this.

Are there any other Members who would like to speak on this issue? If not, the question occurs on the motion to adopt the Subcommittee report. All of those in favor will say “aye.”

[A chorus of ayes.]

Mr. ROHRABACHER. All of those opposed, say “no.”

[A single no.]

Mr. ROHRABACHER. In the opinion of the Chair, the ayes have it, and the motion is agreed to.

Mr. DELAHUNT. Mr. Chairman?

Mr. ROHRABACHER. Without objection, the staff is directed to make the technical and conforming changes.

Mr. DELAHUNT. Mr. Chairman, under Rule 11[p] of the Committee rules, each Member of the Subcommittee has the right to have views included as part of the report that is to be released. We have submitted our additional and dissenting views, and as I understand it, you will not release the report until our views are included. Is that correct?

Mr. ROHRABACHER. That is correct. They will be included in the report, and hearing no objection, we will make sure that all Members do have this right to make their additions.

So with that said, without objection, the staff is directed to make these technical and conforming changes, and, as Mr. Royce joins us, the Subcommittee now stands adjourned.

[Whereupon, at 12:55 p.m., the Subcommittee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE ADAM B. SCHIFF, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Chairman: Earlier this year, when it was announced that the International Relations Committee would be creating a new subcommittee on Oversight and Investigations, I was excited by the prospect of serving on a body that would undertake the challenging and essential task of thoroughly overseeing the conduct of our nation's foreign policy.

Over the past two years I have made a number of speeches decrying the lack of congressional oversight of this administration and I looked at this subcommittee as an opportunity to rectify that deficiency.

Unfortunately, we have spent the better part of a year almost entirely focused on the UN Oil for Food program, and neglected meaningful oversight of our own government and its institutions. Rather than focusing on the conduct of our own government in its role as a key driver of the UN's policies towards Iraq over the last decade and a half, these hearings focused on the activities of the UN secretariat, UN employees and third parties contracted by the UN and member states to manage certain aspects of the Oil for Food program.

Given the exhaustive work of the Volcker Commission and the additional details provided by Charles Duelfer in his investigation, the work of this committee could have been far more productively been focused on other issues. Unless our subcommittee's "investigation" of Oil for Food was intended only as a part of a deliberate campaign to further undermine support for the United Nations in the Congress and among the American people, our time could have been better spent on matters that have completely evaded review and critique.

As the dissenting views, which I endorse, states at the outset, the United Nations has serious structural and other flaws that make comprehensive reform an imperative if the UN is to continue to play a major role in international affairs in this new century. I also agree that Oil for Food dramatized many of the UN's problems.

What I object to, however, is the majority's misleading conflation of Oil for Food with the much greater scandal of the trade protocols that were really at the heart of Saddam Hussein's illicit oil trading regime in the period between the two Gulf Wars. This has been a hallmark of all of their public statements on Oil for Food and even when confronted with the truth they have continued to try to magnify the scope of the scandal by "ignoring" the fact that trade protocols and outright smuggling were not within the purview of Oil for Food.

I think that the dissenting views produced by minority staff do an excellent job at capturing the shortcomings of the majority report—its warping of facts to fit preconceived findings, the use of unvetted sourcing, and its too-narrow focus on actions by UN staff.

I am also pleased that Mr. Delahunt has taken the time to point out to the Chairman and our colleagues in the majority the numerous issues that they chose not to investigate in producing this report. I refer specifically to the conduct of the member states making up the 661 Committee, the seeming acquiescence by American officials to outright smuggling by Iraq and the reported mismanagement of the Development Fund for Iraq that was the successor to Oil for Food. There is a thread running through all three of these areas, Mr. Chairman, and it is that each of them would oblige us to look at the conduct of our own government.

I urge the Chair and all of my colleagues to start fresh in the new year by engaging in meaningful oversight that will look at the core foreign policy challenges facing this country. I think that we need to review our own structures and policies in order to ensure that the American people are being well-served by their government. And

I am not alone in my disquiet. In May 2004, Senator Chuck Grassley, the Republican chairman of the Senate Finance Committee, expressed his unease about the lack of oversight in Congress and admitted that legislative oversight was better when the Democrats controlled Congress. The majority in this Congress, Senator Grassley acknowledged, “has delegated so much authority to the executive branch of government, and we ought to devote more time to oversight than we do.”

Thank you, Mr. Chairman.

